

CITY COUNCIL WORKSHOP MINUTES
Development, Partnerships, Promotions and More
February 20, 2015
Morganton City Hall
Council Chamber

Mel L. Cohen, Mayor

Sally W. Sandy, City Manager
Louis E. Vinay, Jr., City Attorney

John H. Cantrell)
Forrest A. Fleming) Councilmen
Sidney Simmons)
Ronnie Thompson)

Others present included Scott Hildebran, Assistant City Manager, Department Heads, staff members, and news media. Also Dr. Patricia Mitchell, NC Commerce Department; Representative Hugh Blackwell; Michael Lemanski and Peter Cvelich from UNC-School of Government; Charity Barbee, ElectriCities; Lacy Beasley, Retail Strategies; Bryan Steen, County Manager; Audrey Garvin, NCSD; John Branstrom, BDI board; County Commissioners Johnnie Carswell and Maynard Taylor; Sherri Bradshaw, Town Manager Drexel; Hope Hopkins, BDI; Jerry Davis, Burke Chamber; Ed Phillips, Burke County Travel & Tourism; Dixon Byrd, Broughton Hospital; Robin Nicholson, Duke Energy and Alan Wood, BDI. Citizens throughout the day: Mike Irvin, Richard Garrison, Don Bailey, Tim Norman, Bryant & Linda Lindsey, and many others.

Welcome - The Mayor called the meeting to order at 8:15 a.m. and welcomed everyone to the meeting. He gave a brief report regarding the weather related issues over the past week due to the bitter cold weather. He thanked all departments for working together to keep utility services running and the streets safe for travel.

The City Manager offered a preview of the day's agenda. She spoke about partnerships and collaborations, then shared a video from Public Safety's Camp Safe Haven and Blue Angels.

The City Manager shared a slide-presentation which included the following statements:

- Successful communities create a sense of place that offers experiences that are uniquely tied to that location – a quality of life that makes people want to be there.
- In a recent business-climate.com blog this was said “Quality of life: Just because a city is good for the bottom line doesn’t make it appealing. It’s the intangibles — everything from atmosphere and camaraderie to cultural and recreational assets — that make it a place where businesses want to invest and bring their employees to.

“Quality of place can be subjective. Some business leaders and professionals may place more emphasis on education, affluence, and arts and culture, while others may

care more about recreation, walkability and low cost of living. Different assets resonate differently with different companies, but one thing is for certain: No matter how good a city looks on paper, it's the spirit and personality of a place that sticks," writes brand marketing expert Jim Walton in a recent blog.

The City Manager stated the Council should keep the following thought in mind throughout the day: "How does an ordinary 'space' become a 'place' – something greater than the sum of its parts."

Affordable Housing Task Force Report – The City Manager reminded Council that at the November 2014 City Council meeting, they appointed an Affordable Housing Task Force to examine and consider the need for adopting a Non-Conforming Amortization Policy for mobile home parks in the City. The amortization was presented as a change in the revised zoning ordinance, but was removed pending further study.

The final report of the Task Force was made available for Council review prior to this meeting. Lee Anderson, Director of Development and Design presented the findings and recommendations.

Lee thanked the citizens who were appointed to this task force for giving generously of their time to work on this report. He stated is difficult to come to consensus when people are coming from two ends of the spectrum.

Lee stated from an economic development standpoint, when you bring people in to look at our area, image is very important. The 8-member task force examined all mobile home parks in the area. The issue is – Do mobile home parks offer an affordable housing option and, if so, is there a way to regulate it so it does not create a hardship on the tenants? The Task Force found that in many situations mobile homes/parks are a housing of last resort. A lot of the housing assistance the community provides is not available due to some of the issues these tenants have such as arrests, immigration status, etc. The problem is many of these people would be homeless if these parks were not available. If we reduce the number of mobile homes there will be an increase in the number of homeless in the area. That is a truth everyone in the group could agree on.

Lee stated the group was very open and discussed topics that folks usually don't want to talk about. The challenge is how to deal with these issues.

He stated the recommendation from the Task Force was not to move forward with amortization.

Mike Irvin and Tim Norman, both members of the Task Force were present and asked if they would like to speak. They both stated they felt Lee did a good job of summarizing the Task Force findings. Norman stated it's the responsibility of the landlords and owners to take care of the properties.

Councilman Fleming asked what the general plan would be going forward. He asked if the City would do clean up on parks that are substandard, have trash piled up, un-mown grass, etc.

Lee stated they would continue enforcing nuisance ordinances, and if they had the opportunity to go inside they would. He stated that addressing nuisance issues required participation of the landlord.

The City Attorney stated overgrown grass etc. could be taken care of through the nuisance ordinance. If not taken care of by the landlord then the City will go mow and place a lien against the owner.

Councilman Cantrell stated that the Code Enforcement Officer was part time due to budgetary issues. He questioned whether having a full-time officer might be a way to go and they should talk about that at budget time.

Chief Rector wanted to give a different perspective. From the public safety side they sometimes have to go into these places. It's not uncommon that many of the people who live there are felons. From the public safety perspective it's not about what it looks like, etc., but what is going on inside.

Partnerships – The City Manager stated that in today's competitive environment, communities strive to offer a quality of life that not only satisfies citizens, but that also sets the community apart. Communities must set themselves apart and invest in what differentiates them from the competition.

In order for Morganton to thrive (not just survive), we must assess our strengths, build upon our natural assets and offer reasons for the young, entrepreneurial class to want to “visit, play, and stay” with us. We must change our demographics. We need to bring 20 to 40 year olds to this community. We need them to live here, work here, play here, create here, and invest here.

“What does this mean?” she asked. This really means that we are in the sales and marketing business. We have to offer activities, facilities, and experiences that make people of all ages and walks-of-life want to “experience” Morganton.

In the last month, the Mayor and staff have toured the community with three hotel developers. In each visit, the comments and the questions are the same –

- 1) They are amazed at the quantity and the quality of amenities and leisure opportunities that exist in Morganton.
- 2) They are very impressed with Downtown.
- 3) They want to know numbers, types of events, attendance, and frequency.
- 4) They all comment that Morganton shows as a much larger community than a typical 17,000 population city.

For many decades, Morganton has relied on the Recreation Department, the Main Street program and CoMMA to offer recreational, cultural, leisure, retail and business opportunities. Through the outreach of these departments and what they do with the assistance of many partnerships, we market ourselves at home and beyond.

This part of our team complements the work and services provided by our traditional day-to-day operations. Likewise, the “marketing departments” could not do what they do without the support and assistance from all the others on the team.

In other words, we use the work of these departments to help differentiate Morganton from the competitors. They help us “Create Place.”

“What makes a place special,” the State University of New York asked in its strategic plan. “How do we transform an assortment of buildings and roadways, shops and schools, bricks and mortar, into an exciting, vibrant community? How does an ordinary ‘space’ become a ‘place’ – something greater than the sum of its parts? And what makes that place a magnet for creative individuals, entrepreneurs and innovators – people who’ll be learning, living, playing and staying?” (Borrowed from an article presented by: Journal Communications, Inc. entitled The Case for Place – How Quality of Place as an Economic Development Strategy Can Drive Investment)

The above questions seem to really fit what we should be asking. It is the responsibility of the elected City Council to make decisions that support creating the type of place that does contribute to our economic well-being.

The City Manager stated that hopefully the opportunity to be reminded about what these three departments do to ensure that our place is greater than the individual parts will help the Council to be better able to make informed decisions about the kind of community they want Morganton to be.

She stated that these sessions should help the Council evaluate the return on investment for our efforts in these areas. It should leave them with an understanding that these activities and offerings help to create the quality of life that makes Morganton the Morganton we all love.

Morganton Recreation – Programming, Partnerships & More – Gary Leonhardt, Recreation Director – Gary stated that he has been working as Recreation Director since 1992. He stated that there is only so much the Recreation Department can do with the number of people on his staff and the resources they have. If it were left up to only his department to provide programming and put on recreation activities they couldn’t do it because there is not enough to go around. However, the many partnerships they have with a variety of groups is what actually makes things happen. There are many things they could not do without community support and there are many community activities that could not happen without the support of the Recreation Department.

He stated one of their many partners is the Burke County Fair. One example of the partnership is during the year when Recreation has loaned out all their tables, they borrow extra tables from the Burke County Fair.

Another partnership of which Gary is especially proud is with the Burke County Public Library. Gary invited Chesley Bailey and Margaret Ruark from the Burke County Library. Ruark stated they have a long list of how the Recreation Department works with library for programming. She stated the library serves over 500 teens per year. The library does not have any modes of transportation but borrows from the Recreation Department. There is no way they could produce the results they do without the partnership of the Recreation Department. Bailey stated they counted on the Recreation for tables, tents and platform stages during their large events. She stated these events would not happen for the children of our community without the partnership of the Recreation Department.

Councilman Cantrell stated a few years ago he was at an outside Library event when it began to rain. Within 30 minutes, with the help of Recreation employees, they were able to move the event into the Recreation Center and continue on.

Gary stated many of these are long-standing partnerships were “inherited” from Clinton Foust.

He then invited Deb Jones and Jeff Stark from the Burke Arts Council to talk about the partnership with the Recreation Department. Jones thanked the City Council for the great collaboration. She was very impressed when she first moved here to find out how people in the community work together. Jones stated they borrow tables, chairs, stages, for their events and commended the employees who are on time and efficient. Their biggest fundraiser is the Oyster Outing for which they get help from Recreation and Main Street. Stark stated that he has been working with the Oyster Outing since its inception and collaborates with Gary and Sharon to work and grow the event. Stark stated that Gary’s team brings all the equipment and helps set up. Stark stated that most non-profits do not have the resources that those in Morganton have available to them.

Mayor Cohen asked them to consider hypothetically what it would cost them to put on an event if these partnerships were not available.

Representatives from the Library and Arts Council stated they would not be able to offer their events at the same level which they currently do.

Gary invited Bill Branstetter owner of the local Ace Hardware to speak. Branstetter stated he was from a small town from Indiana then Pennsylvania, then Cincinnati. When he first came to Morganton 13 years ago he was impressed by the “flavor” of Morganton, but was most impressed by the Recreation Department. In those areas where he previously lived communities did not have a Recreation Center, swimming

pools, etc., like in Morganton. Branstetter stated in his business he has the opportunity to speak with many people; he hears it over and over what a great Recreation Department Morganton has. He emphasized how important those partnerships are. He stated his business hosts seminars and asks for chairs from Gary and not only can he use them but they are delivered. He stated he is a member of the Men's Club which donates bicycles to Christmas Cheer. Gary's employees set up tables and help assemble bicycles. The Recreation Department uses the fairgrounds for Christmas Cheer. He stated that to him the Recreation Department is a vital piece of the community.

Gary highlighted the Catawba Meadows Park Tournament Schedule and how full it stays. Gary stated that when the tournaments overflow their fields he calls on Burke County schools and they open their fields for his use. David Fletcher, Assistant Athletic Director and soccer coach at Freedom High School, stated there are many reasons these partnerships are important. They are important to the children of our community, the schools are able to use the fields at the Soccer Complex for soccer and lacrosse due to the partnership they have. He feels the whole community is enhanced when teams from other places come in and see the quality fields and tracks the City maintains. The community is more attractive because of the variety of things offered due to these partnerships and that is enticing to business and industry looking at Morganton. The schools benefit economically because it helps to hold their costs down. They host soccer tournaments during the season because they are able to use the fields. They generate money by selling tickets and save money because they are not travelling. He stated that he felt if they did not have the partnership with the Recreation Department they would probably have to charge the children to "pay to play". Because of these partnerships there is no charge to play enabling a wider diversity of players.

Gary stated the Red, White & Bluegrass Festival grew out of the annual 4th of July celebration. They began growing the festival and started charging entrance fees which cover the costs of the entertainment. There were a couple years of weather related issues and some changes made in the dates. This year the plan is going back to the traditional July 1, 2, 3, and 4. July 4 will be a free day – open to the public ending in fireworks. They have not gone after many local sponsorships because he knows that many local businesses sponsor other City events and does not want to take away from their donation dollars.

Ed Phillips, Director of Travel & Tourism, stated that Burke County has a great tourism economy and these festivals and events help to bring people to our community and help provide a sense of community. People are looking at Morganton as a place to move to or a place to visit for the weekend. His office tries to measure tourism. There are many ways to do that, via occupancy tax, how many people come into the tourism office, website traffic. Ed stated Morganton has been a leader. Other small towns look to Morganton to see what we are doing and how we are doing it. In 2013 the North Carolina Department of Commerce announced that Burke County had the largest percentage growth in number of tourism related jobs in North Carolina, followed by

Buncombe County. Burke County was second in growth in visitor spending, slightly behind Buncombe County. We have a lot to proud of.

The Mayor called for a short break.

Morganton Main Street – Events, Promotions & Partners – Sharon Jablonski –

Sharon stated that Main Street is doing very well. She noted that Main Street is a national program. She stated the average life of a Main Street director is 4 years and she has been here 24 years. She stated the reason she has stayed is because of the incredible people she works with. Sharon shared a notebook of information with the Council. She clarified how Main Street partners with the Historic Morganton Festival (HMF).

She stated that in 1987 when she started Main Street was very much about promotions. She left the community for a couple of years and came back in 1991 realizing that they needed to refocus and move beyond promotions. There have been huge changes in downtown Morganton since 1997 and even more in the past 4 years. She feels we still have a way to go.

Sharon stated that brothers Mark & David Bennett, owners of Fonta Flora Brewery came to Main Street and asked the HMF to partner for BrewFest. Patton High School is a partner with HMF and Main Street for the Jazz Festival, which this year will host the Marsallis Brothers. Sharon emphasized that Main Street is bigger than one person. It took all the staff and many citizens working in 1997 to create a master plan. She stated the “magic” of downtown is real and she hears at least once a week how wonderful Morganton is.

Sharon stated her newest project is the Community House. Sharon gave kudos to Gary Leonhardt for helping through the transition of moving the supervision of the Community House from Recreation to Main Street. She stated they are using Main Street knowledge to help with marketing the Community House. Sharon stated another partnership was with Vocational Rehab which is using hydroponics to grow herbs that are used in the kitchen.

Sharon stated there is still so much more to do with Main Street and downtown. She pointed to Abby Gentry, Promotions and Events Coordinator, as her hope for the future.

Sharon introduced Mark Bennett co-owner of Fonta Flora Brewery. Bennett stated he and his brother, David, wondered if another brewery could be supported in Morganton. He stated their first call was to Sharon. Fonta Flora has been a great success for them over the past year. He said on a typical Saturday he may see a few local faces but many are from out of town. He stated Sharon’s office, Lee’s office and the Mayor’s office all have been very obliging in helping them to make a larger impact. At last year’s BrewFest they hosted 700 people and they hope to have 1200 this year. All of this reflects back to the City of Morganton; the support from Sharon’s office made it a “no-

brainer” to invest in Morganton. He stated it is nice to live in a community with such wonderful support.

Ed Phillips stated that this small micro-brewery has become a national model. There are brewers from all over the country coming to Morganton to learn from Fonta Flora’s business model. Bennett stated this is a sustainable model that is similar to a farm-to-table restaurant where they try to source all their ingredients locally.

Bill Steiner stated that in 2008 he and his wife had returned from Europe where there were many bustling communities. They decided they wanted to find that type of community in which to live. They got in their car and spent five days driving looking for that type of community. The first night they arrived in Morganton they ate at Root & Vine, sat in the courtyard and watched the street. They kept coming back over the next 6 months and finally decided to move to Morganton. “Downtown is the window into the soul of the community”, stated Steiner. If a community invests in its downtown it shows. Morganton is a place that is willing to invest to make it the kind of place where one wants to live. The amount of change in the last 5-years shows that Morganton is a city that is moving forward.

Kristy Steiner stated that she was the “happiest girl in Morganton”. She stated there was a palpable feeling that something exciting was going on in Morganton when they first arrived. She stated that feeling is a “wild and obtuse animal” that you can’t really pinpoint. You either have it or you don’t. She stated they wanted to be a part of a city where the downtown was their living room. From the beginning there was an acceptance into the community. She is impressed with the sense of collaboration and cooperation between the various entities in Morganton.

Ron Martin stated he and his wife have lived here for 30 years and they now live at Grace Ridge. His children encouraged them to move to Chattanooga but they are happy to be a part of Morganton. He has given his time, talent, and resources to help renovate the Morganton Community House. He stated this is a public/private project and there needs to be buy-in from both the public and private sector in order to create ownership. With these renovations it will be a prominent downtown location that everyone would be proud of to take their family and friends. It will become a meeting place for business meetings, civic clubs, class reunions, awards ceremonies and will include many updated features. He feels the food will be a showcase with competitive pricing. He feels it will make an economic impact in our community.

Bryan Black asked to speak. He stated he is a lifetime resident of the community. He stated that we should not get caught up in negativity. He is a REALTOR by trade and stated that people now want to relocate here. He thanked each person in the room for their part in making Morganton what it is today.

Councilman Thompson asked about downtown parking stating he has heard from citizens there is not enough parking. Sharon stated there is not a downtown that does not have parking issues. She stated they are working harder at managing it with a

parking committee made up of downtown business owners. When there is a parking issue they can take it up with their peers and that has been very helpful.

Councilman Simmons stated that Historic Morganton Festival was a great showcase for Morganton.

Councilman Fleming stated that while Historic Morganton Festival and the Red White and Bluegrass Festival are great events that showcase Morganton we also have to be realistic about the finances/economic impact. He stated it would be nice to be able to quantify the impact of these events. He stated he is very supportive of both events.

Sharon stated that there is no way to control the weather and that last year festival events lost money due to Mother Nature. She reminded the Council the goal of HMF was never to make money, but to put on quality events affordable to the public and as a way to showcase downtown in a positive light.

Councilman Cantrell stated he is proud of Morganton, has lived here all his life, and is glad to be able to share some of the history with folks like the Steiners. He reminisced and talked about being part of the Recreation Center, his children were part of the swim team, and stated Morganton is a great place to raise children. He is thankful for the memories it gives him.

Sharon stated that to put it into perspective, it is our job to put all that in place for our children and grandchildren.

CoMMA – A “Community” Theater and more – Serving the Region – Bill Wilson –

Bill began with a quick history of CoMMA. Right from the first show CoMMA began to develop partnerships. One group that was very apprehensive when CoMMA started was AARP. They are now the biggest supporters of CoMMA. Together they created a group for front of house activities taking tickets, seating ticket holders, etc. they are stewards of the building. CoMMA has people from all over the Country come to look at CoMMA and ask how they make it work.

Bill introduced Bill Hutchins. Hutchins stated he was here representing AARP. AARP is very dedicated to CoMMA, Red, White & Bluegrass Festival and the Historic Morganton Festival. He stated that as far as he knows Morganton is the only auditorium around with a program such as the Blue Blazers. AARP enjoys representing the City.

Sherri McGimsey, local dance instructor, stated that she worked on the bond referendum for CoMMA 34 years ago. Her group used to dance at Morganton High School, no air-conditioning, no lighting. She stated after CoMMA opened she was so scared to do a dance recital there. She now is able to go CoMMA to watch rehearsals which is a wonderful opportunity for her students. She stated one of the sweetest moments with her students was when the Wizard of Oz production came through. Her students were able to perform and share the stage with professional dancers. This is something that would not have happened without CoMMA. She complimented the staff

who help her make her productions so wonderful. CoMMA has been a great influence on the life of her students.

Rance Henderson stated that in the story of King Lear, as the youngest daughter Cordelia was leaving King Lear says, “Stay a little.” Scholars state that this relates to Lear’s hunger for connection. Henderson stated that CoMMA fulfills some of that hunger for those who attend. At CoMMA we are not only connected locally but internationally seeing singers from South Africa and dancers from Ireland. The singing Christmas tree connects us with local churches and our larger community. Henderson stated that he attends CoMMA in order to have the chance to connect with people he doesn’t have an opportunity to see elsewhere. He also sees the results of a wise and insightful City Council that had the wisdom to find the perfect person to direct CoMMA and gave him the freedom and resources to make it a success.

Bill Wilson stated that other partnerships include graduations from Western Piedmont Community College, NCSD fundraisers, and more over the years. Bill stated that over 30 years ago the City Council decided that Morganton was more than fixing pot holes and selling electricity.

Jim Smith, Minister of Music at Pleasant Ridge Baptist Church spoke about the first opportunity he had to work with CoMMA. Bill Wilson called him regarding the show *Handle’s Messiah Rocks* saying he needed a children’s choir. That was the beginning of a long partnership with CoMMA. Smith always wanted to build a Singing Christmas Tree but their church was physically too small. After discussions with Bill Wilson they built a tree and began planning and performing a show each Christmas season. Seeing shows at CoMMA has inspired Pleasant Ridge in costuming, set-design and more. CoMMA has coached the church members in audio/visual techniques. Money the church raises through these shows goes back out into the local community through B.U.C.M. CoMMA now uses the Christmas tree with children from Burke County to sing with professional performers during the Christmas season. The first season the children sang with Pat Boone, the next year they sang with the Lettermen, and this past year was BJ Thomas. Smith stated CoMMA is a gem in Burke County and he is thankful for the partnership.

Bill Wilson expressed thanks for the support from the Council members. Wilson stated Morganton doesn’t break the mold it makes the mold.

The Mayor challenged the City Council to continue supporting the programs of the Recreation Department, Main Street and CoMMA.

The Mayor called for a lunch break.

Retail Strategies Update – Charity Barbee, ElectriCities and Lacy Beasley, Retail Strategies – The City Manager reminded Council the City has leveraged our partnership with ElectriCities to contract with Retail Strategies, LLC a retail consulting firm offering services to help boost retail opportunities within Morganton.

Retail is a part of economic success. One way to keep people and local dollars in your community is to offer a wide variety of retail which attracts outside dollars and visitors as well. Morganton Heights is great, but we have more work to do.

BDI and Burke County are partners with the City in this effort. We have been engaged in this project since April 2014. We continue to try to find retail opportunities to fill the vacated space at Exits 104 and 103.

Lacy Beasley, VP of Business Development with Retail Strategies and Charity Barbee, Senior Retail Development Specialist with ElectriCities are here to update us on the project and what to expect next in this three year process.

Charity stated that words she had been using to describe Morganton are the same words she was hearing earlier in the meeting and that was based only upon her impressions while working with the staff. She thanked staff for making it easy for their team to work with the City. She stated her work with ElectriCities was to help “build communities”. They connect people to bring new business to communities like Morganton. Morganton is one of 50 municipalities they serve. Their goal is to bring creative investment into the community and then retain those businesses and jobs.

Lacy Beasley is Vice-President of Retail Development with Retail Strategies. Lacy stated Morganton is the local expert while Retail Strategies takes that information out to the retail industry. The plan is to put together the story and then use it to advocate for Morganton on the national level. She spoke about national trends with consumers looking for value and convenience. Beasley stated that e-commerce has greatly affected brick & mortar retail. Beasley continued sharing information that they had gleaned over the past year about Morganton and how they plan on using that information to get companies to look at Morganton. Lacy stated an industry comparison of full-time and stable workers shows retail pays competitive wages. Average wage per year shows a full-time retail worker 25-54 years old earns \$38,376 and a full-time non-retail worker 25-54 years old earns \$37,968.

The City Manager stated that Retail Strategies has shared a lot of information with the Food Matters grocery store which is looking to move to Morganton. While Food Matters is not really on Retail Strategies radar they have been very helpful.

Lee Anderson stated that without the help of Retail Strategies the City could not be doing what is being done. The City doesn't have the contacts, we don't know who to talk to. There are many people now connected through the Retail Studies basecamp site which allows the sharing of information about retail happenings in Morganton.

The City Manager stated that an event being planned is to get a group together to talk about “how to franchise”. Retail Strategies has asked for help to identify those people.

Anderson stated Fonta Flora is a prime example of how putting the right people together works. The Bennett's wanted to have a pub, Todd Boera wanted to make beer, and together they are making it work.

Charity gave kudos to Morganton for fast tracking the permitting process. Morganton has one of the quickest permitting and fast-tracking for people to get here and to begin making money. Lacy stated the saying in her business is "time kills all deals".

Jerry Davis, CEO of the Burke County Chamber of Commerce, asked to speak and then expressed thanks for being invited for the day. He stated hospitality is a "capital" item. All these raw materials we need to make into a product, make into a brand. There is a mystique that has been referred to today, there's an excitement, and we have "something" here. We have a will to do something with it but how do we integrate it into a strategy. Davis quoted Burke County Chairman Johnnie Carswell who said, we have been good at cooperating but we haven't been as good at collaborating. Davis stated it feels like we are at a special moment and could really make something happen in Morganton and Burke County. He then directed his comments to Dr. Mitchell saying that he wanted the State to look at Morganton. He stated he is tired of Western North Carolina being seen as the red-headed step-child.

Broughton Reuse Update – The City Manager stated that as everyone was aware, the City of Morganton staff has been working for over two years to encourage the State of North Carolina to plan ahead for the redevelopment of the Broughton Hospital campus. The large acreage owned by the State located in the center of the gateway into Morganton provides tremendous opportunity. The State of North Carolina has a long history of treating mental illness, developmental disabilities, physical disabilities and more in Morganton and Burke County.

On May 6, 2013, then North Carolina Secretary of Commerce Sharon Decker visited Morganton to discuss economic development opportunities. The Broughton Reuse idea took hold and since that time, the City, the County, BDI, and the State of North Carolina have been pursuing a redevelopment of State property on and possibly adjacent to the Broughton campus.

Last year, Senator Warren Daniel and Representative Hugh Blackwell took the lead in getting legislation passed to appropriate \$200,000 in funding and requiring a local match of \$200,000 to begin a study in the future use of Broughton Hospital Facilities. The legislation calls for the project to be led by the North Carolina Department of Commerce.

Assistant Secretary of Commerce over the Rural Economic Development Division, Dr. Patricia Mitchell is leading the project. She is a former county manager and economic developer. She is a true advocate for rural North Carolina.

In January, 2015, a Memorandum of Agreement (MOA) was signed between North Carolina Department of Commerce and the UNC School of Government – Development

Finance Initiative (DFI) to begin the early stages of the study. DFI partners with local governments in studying and implementing community and economic development projects. DFI works to be the local government partner in working with the private sector to allow public-private partnerships to create development

Transformative Development Projects – Dr. Patricia Mitchell, Assistant Secretary, North Carolina Department of Commerce – The City Manager stated that Dr. Mitchell is with us today to talk about this once-in-a-lifetime development opportunity that has the potential to transform not just our community, but this entire region. Dr. Mitchell began by giving a background and history of the Rural Economic Development Division. She commended Rep. Blackwell for calling on her regarding the Broughton property. Blackwell asked her and the State to think ahead. She stated there would be no opportunities if there was no talk about it before it closes. Her office has authority to look at the Broughton property for potential economic benefits and that is where her focus is. Her interest is in whether/how the Broughton property can be used for economic development for Western North Carolina.

The Department of Health and Human Services (DHHS), Commerce, and Department of Administration are all involved and interested in the Broughton property. Dr. Mitchell stated there is much interest in the Broughton property but from different perspectives. She stated she believes highly in the School of Government; their interest is in working with towns and counties / local governments. Bringing in DFI and having them do the first phase of this project was one of the early conversations between Burke, Morganton and State. Senate Bill 847 requires they look at potential uses of the vacated facility and of the development or redevelopment of adjoining state-owned properties. She stated that is bigger than just the Broughton property. They are to look at benefits to the state, regional and local areas.

Role of Development Finance Initiative (DFI) – Michael Lemanski, Director, Development Finance Initiative (DFI), UNC School of Government and Peter Cvelich, Project Manager, DFI – The City Manager stated the City was fortunate to have Michael Lemanski, Director of DFI and Peter Cvelich, Project Manager at the meeting today. They are working on this project for the UNC SOG. Also introduced was Julie Stern a graduate fellow who is helping with this project.

Michael Lemanski began by giving a background of DFI. Lemanski's background is as a private developer with a development firm that acquired 30 distressed assets in Durham. He stated he learned the hard way about how to develop public/private partnerships while working on rehabilitating downtown Durham. The School of Government heard about his work in Durham and wanted to be able to share this type of expertise with other communities. They partner with local governments helping to find out the right program and the right partners for the project. It's an in-depth, back and forth process until they find what might be viable in that particular community. Lemanski shared slides showing one of their latest projects in Wilmington.

Peter Cvelich is the project manager for the Broughton Reuse project. He stated they are very excited about this project. He stated this project fits very well with DFI, what they do and why DFI exists. Their objective with the study is to identify a use that could be financially viable, that attracts public investment, and complements the State and local interests for the site. Cvelich covered the phases including defining the opportunity, the site, identify anchors for the development, scope out a public/private partnership, identify potential private partners. They are looking at the layout, who owns what, looking at demographics. DFI is in the first phase where early findings show a tremendous opportunity for regional impact.

Cvelich stated that there is significant property under public ownership, a good location with proximity to major metros, natural beauty, and access to I-40. Other pluses include institutional anchors, workforce, strong healthcare and manufacturing.

Some hurdles to overcome include the scale of area including massive buildings and acreage. It was built for a specific function/specific design. The floor plans and construction type are restrictive. There is aged infrastructure which is costly to upgrade for modern users. The hospital itself is going through a phased transition where there are continuous operations in the area. There is a need for inter-jurisdictional planning and execution.

Lemanski and Cvelich posed the following questions for Council to consider followed by the Council response.

- What is the value of Broughton Hospital to Morganton today?

Councilman Cantrell stated it provides a lot of jobs.

The City Manager stated it continues a long tradition of treating mental health and training for mental health providers.

Dixon Byrd, Assistant to the Chief Medical Officer, Broughton Hospital, stated there are at least 12 nursing programs regionally that send students to learn. They have people come for their forensic psychiatry program, occupational therapists, and dental students. He stated that many doctors come to Broughton to work and teach. When he is recruiting physicians he has to sell Morganton, not sell Broughton. He stated there are hundreds of jobs at Broughton available and they need to work on growing their own labor force from the local schools.

Burke County Commissioner Johnnie Carswell stated the need to recognize the importance of Broughton's cliental.

Byrd stated there is a large need for the services at Broughton and the need is growing.

Sharon Jablonski asked if the new hospital would house everything that is currently being housed in the existing buildings. Byrd stated there would be a handful of services that may be kept in ancillary buildings.

The City Attorney stated that the Avery building is probably the most singularly recognizable building in Morganton.

- What is the biggest risk for Morganton with the hospital transition?

Mayor Cohen stated his biggest concern is having the buildings fenced and falling down.

Byrd stated that part of the reason people work at Broughton is because of the “place”, the history, the evolution of psychiatry beginning in 1875.

Audrey Garvin, Director of North Carolina School for the Deaf, stated that this is very foresighted to look at these questions now. At NCSD the value is now the ground under the building, not the building itself. She has been in Broughton’s Avery building and again stated it is foresighted to look ahead. The local deaf community are very sad because those particular buildings are being left to deteriorate. One of the most difficult things for children at her school is to find mental health services. She feels that working with Broughton would be a great partnership.

Byrd stated that many people don’t know that Broughton has an in-hospital school setting.

Dr. Mitchell stated if we were to think of mixed-use development perhaps one use could be industry, a compatible industry, some medical related industry might be a good fit.

Dr. Garvin stated that she would like to see someone from higher education “at the table”.

Rep. Blackwell stated his appreciation to Dr. Mitchell for getting the three state entities together. He stated the reason they started at Commerce was because of the job creation. He feels there may need to be some others at the table too, such as JPS. The regional opportunity is what needs to be encouraged. In the Governor’s address he talked about “breaking down silos”, breaking down the barriers between the different state agencies. Rep. Blackwell feels that DFI can help break down some of those silos.

Byrd stated the glue to this project is the City staff who is working to keep everyone coming to the table.

- How can the Broughton Hospital site fit into Morganton’s economic development strategy?

Councilman Thompson stated that future needs will be in diabetes and Alzheimer's research and care. He would like to see a research facility, etc. looking for innovative ideas and tying into education. This area is the only MSA in North Carolina that does not have a 4-year educational institution.

Mayor Cohen asked if the completion date was at the end of 2016 and would the boilers would be turned off. Dixon answered currently the completion date is set for 2016 and the boilers have to work in order for the buildings to stay in good condition. He stated there would not be a budget for boiler operators once the new hospital was up and running. He stated that plaster falls off quickly when not heated/cooled.

Lee Anderson stated that this project could be a potential changer for our area.

The Mayor called for a short break.

New BDI Director – Alan Wood – The City Manager stated that Alan Wood has been hired as the new CEO of Burke Development, Inc. Alan will begin work in March. He is attending the afternoon sessions of the workshop since the topics concern development opportunities for Burke County.

The City Manager invited Alan to introduce himself and let us know what we can look forward to as he joins BDI.

Alan introduced himself to the group. He stated that if he had a definition of economic development it would be what he has seen today at this meeting. He stated he talks a lot, travels a lot, and comes back with mud on his shoes according to his son. He said that is a good definition of economic development.

He stated his job, if anything, is connecting the dots. He is not an expert on everything but he knows the experts. 80% of all the jobs come from existing industry. 100% of jobs lost come from existing industry. He stated he is passionate about rural NC. He aggressively pursued this position and already has a place to live. He plans to move in April.

Mayor Cohen stated the City looks forward to working with Alan.

Wrap-up and Adjourn –The Mayor stated this has been a great day and complimented the staff for coming up with this format and getting it put together. He stated the thing he hears over and over is what a great county and City we have. He stated that we have a unique community.

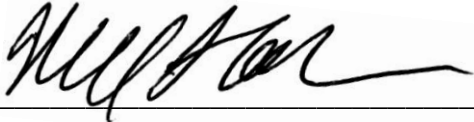
Dr. Mitchell stated that she was raised by really good parents and she worshiped her father. Her father said to her one day, "Pat, some day you will have to decide how to pay your civic rent." She asked what that was. He said she would know it when she saw it. She stated that the conversation came back to her while listening to the speakers during the morning sessions.

The City Manager expressed her thanks for all those who came today to spend the day with the Council.

Sharon stated she was speaking for the staff; they were grateful for the opportunity to come and share with the Council and she thanked Sally for planning the day.

Adjournment – The meeting was adjourned at 4:17 p.m.

Preparation of Minutes. These minutes were prepared by Mikela D. Russell, Assistant City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.



Mayor

Assistant City Clerk